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MICHAEL RODAK, JR.,

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1971
No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN
AND DONALD KOVEN,

Petitioners.

v.

THE STATE OF CALIFORNIA,

Respondent.

On Writ of Certiorari To The Appellate Department, Superior Court of California, County of Los Angeles.

BRIEF OF THE ATTORNEY GENERAL OF THE STATE OF TEXAS, *AMICUS CURIAE*, IN SUPPORT OF RESPONDENT AND THE CALIFORNIA PENAL CODE PROVISION §653H

CRAWFORD C. MARTIN
ATTORNEY GENERAL OF TEXAS
Box 12548, Capitol Station
Austin, Texas 78711

CHARLES F. HERRING
OF
SMALL, HERRING, CRAIG & WERKENTHIN
of Counsel
900 Perry-Brooks Building
Austin, Texas 78701

INDEX

	Page
A. THE INTEREST OF THE *AMICUS CURIAE*	1
B. SUMMARY OF ARGUMENT	2
C. ARGUMENT	2
I. THE PRACTICE OF SOUND RECORDING PIRACY IS NOT UNIQUELY A CALIFORNIA PROBLEM, AND THE ABUSE LED TO ACTION BY THE LEGISLATURE IN TEXAS	2
II. THE CALIFORNIA ANTI-PIRACY STATUTE (CAL. PENAL CODE §653H) LIKE THE COMPARABLE TEXAS STATUTE (ARTICLE 1137r TEXAS ANN. PENAL CODE), IS A CONSTITUTIONAL EXERCISE OF STATE POLICE POWER	4
III. THE ENACTMENT BY CONGRESS OF AN AMENDMENT TO THE COPYRIGHT ACT MAKING RECORDINGS A COPYRIGHTABLE INTEREST DOES NOT CAUSE THESE STATE STATUTES TO BE UNCONSTITUTIONAL	8
D. CONCLUSION	11
Appendix 1—Chapter 890 (S.B. 748), 1971 Texas Legislature. The Texas Sound Recording Piracy Statute	14
Appendix 2—Texas Att'y General Opinion No. M-1114, April 3, 1972	15

INDEX OF AUTHORITIES

CASES:

	Page
Abate v. United States, 359 U.S. 187 (1959)	4
California v. Zook, 336 U.S. 725 (1949)	4
Capitol Records, Inc. v. Erickson, 2 Cal.App.3d 526, 82 Cal. Rptr. 798 (1969), cert. denied, 398 U.S. 960 (1970)	5, 6
Capitol Records, Inc. v. Greatest Records, Inc., 43 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup.Ct. 1964)	5
Capitol Records, Inc. v. Mercury Records Corp., 109 F.Supp. 330 (S.D.N.Y. 1952) affd., 221 F.2d 657 (2nd Cir. 1955)	6
Capitol Records, Inc. v. [redacted] 264 N.E.2d 874 (Ill.App. 1970)	5, 6
Colorado Anti-Discrim. Comm. v. Continental Air Lines, Inc., 372 U.S. 714 (1963)	10
Columbia Broadcasting System, Inc. v. Documentaries Unlimited, Inc., 42 Misc.2d 723, 248 N.Y.S.2d 809 (Sup.Ct. 1964)	5
Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234 (1964)	2, 4, 5, 7, 8, 10
Fashion Originators Guild v. F.T.C., 114 F.2d 80 (2nd Cir. 1940) affd., 312 U.S. 457 (1941)	4
F.T.C. v. Orient Music Roll Co., 2 F.T.C. 176 (1919)	6

CASES—Continued

	Page
Ferris v. Frohman, 223 U.S. 424 (1912)	7
Florida Lime and Avocado Growers, Inc. v. Paul, 373 U.S. 132 (1963)	10
Geiseking v. Urania Records, Inc. 17 Misc.2d 1034, 155 N.Y.S.2d 171 (Sup.Ct. 1956)	6
Huron Portland Cement Co. v. City of Detroit, 362 U.S. 440 (1960)	9
International News Service v. Associated Press, 248 U.S. 215 (1918)	7
King v. Maestro, Inc. 224 F.Supp. 101 (S.D.N.Y. 1963)	7
Liberty/UA Inc. v. Eastern Tape Corp., 180 S.E.2d 414 (appeal dism'd 181 S.E.2d 600) (1971)	5, 6
Metropolitan Opera Assn. Inc. v. Wagner Nichols Recorder Corp., 199 Misc. 786, 101 N.Y.S.2d 483 (Sup.Ct. 1950), affd., per curiam 279 App. Div. 632, 107 N.Y.S.2d 795 (1951)	6
RCA v. Premier Albums, Inc., 19 App. Div.2d 62, 240 N.Y.S.2d 995 (1963)	6
Schwartz v. State of Texas, 344 U.S. 199 (1952)	9
Sears Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964)	2, 4, 5, 7, 8, 10
Tape Industries Association of America v. Younger, 316 F.Supp. 340 (C.D. Cal. 1970), appeal dism'd, 401 U.S. 902 (1971), appeal pending, U.S. Ct. App. 9th Cir., No. 26628	8

INDEX OF AUTHORITIES—Continued

STATUTES:

	Page
California Penal Code Statute Sec. 653H	1, 4
Texas Ann. Penal Code Art. 1137r	1, 2, 4

UNITED STATES CONSTITUTION

U. S. Constitution Art. I, § 8, Cl. 8	9

OTHER AUTHORITIES:

Texas Att'y Gen. Opinion No. M-1114 April 3, 1972	4

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THE STATE OF CALIFORNIA,

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BRIEF OF THE ATTORNEY GENERAL OF THE STATE OF TEXAS, *AMICUS CURIAE*, IN SUPPORT OF RESPONDENT AND THE CALIFORNIA PENAL CODE PROVISION §653H WHICH PROTECTS PROPERTY RIGHTS OF CITIZENS FROM TRAFFIC IN ILLICIT AND CONTRABAND PROPERTY.

A. THE INTEREST OF THE *AMICUS CURIAE*

The Attorney General of the State of Texas files, *amicus curiae*, this brief in support of a permissible exercise of the police power of the states. Texas has enacted a statute (Texas Ann. Penal Code, Art. 1137r) similar to the California Penal Code Statute (§635H) which the petitioners seek to challenge on constitutional grounds.

B. SUMMARY OF ARGUMENT

Texas urges that the California statute be upheld as a constitutional exercise of state police power. We maintain that neither the California statute nor the Texas companion statute conflicts with Federal Copyright Law, and that this Court's holdings in *Sears Roebuck & Co. v. Stiffle Co.*, 376 U.S. 225 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964) are not contradictory of that position. The *Sears* and *Compco* cases, as well as Federal Copyright Law, recognize the legitimate domain of state common law protection of unpublished materials. The manufacture and sale of records and tapes is not such a publication which would destroy the property right in unpublished materials. One who steals the performance from the records and tapes has therefore committed a larceny, and under its police power, the state may protect its citizens from such theft. The fact that a revision of Federal Copyright law now extends limited protection to some owners of these "properties," does not create a conflict of Federal and State law. Rather, both federal and state statutes constitutionally work in harmony to thwart the destruction of the sound recording industry and the elimination of the means of livelihood of the recording artists and associated technicians and employees.

C. ARGUMENT

I. THE PRACTICE OF SOUND RECORDING PIRACY IS NOT UNIQUELY A CALIFORNIA PROBLEM, AND THE ABUSE LED TO ACTION BY THE LEGISLATURE OF TEXAS

The 62nd session of the Texas legislature at its regular session in 1971 enacted Chapter 890 (S.B. 748)

(See Appendix 1), a criminal statute, in response to widespread appropriation and marketing of recorded sounds from tapes and phonograph records. The practice had, in fact, become so common that it had acquired a widely used designation as "tape piracy" and "record piracy." These stolen sounds are sold by persons who neither sought nor obtained the permission or consent of the original recording artists.

The protection afforded by the federal copyright statute, because of the nature of that act, is not complete. Although certain limited federal legislation became effective on February 15, 1972, there are literally thousands of tapes and records which were produced in the period of time prior to the enactment of the recent federal legislation. The owners of property interests in this particular category should not be denied protection of their common law rights by any strained construction seeking to invalidate the statute here under examination. As we understand the recent federal enactment, it specifically is made applicable only to sound recordings "Fixed, published and copyrighted on and after the effective date of this Act." The state statute affords substantial protection in this area involving the older sound recordings.

The notion that only those persons who are *currently* able to sing or perform "hit" records are entitled to protection is highly discriminatory. The artists of old, whose talents have faded, would soon find their property and income from royalties ravaged by the pirates, leaving them unable to provide for themselves and their families. Congress and the courts have surely intended that these property rights be protected from theft by appropriation. Texas, California and other states have enacted valid legislation to insure that these rights shall remain protected. The State of

Texas believes that such legislation is unquestionably constitutional. See Attorney General's Opinion No. M-1114, attached as Appendix 2.

Public policy has been and continues to be the province of the voice of the people, speaking through their duly constituted legislative bodies. Absent a transgression of fundamental law, that expression is to be enforced. This Court has not abrogated the maxim that the states have a prior responsibility for defining and prosecuting criminal acts. *Abate v. United States*, 359 U.S. 187 (1959), *California v. Zook*, 336 U.S. 725 (1949.)

II. THE CALIFORNIA ANTI-PIRACY STATUTE (CAL. PENAL CODE §653H), LIKE THE COMPARABLE TEXAS STATUTE (ARTICLE 1137r, TEXAS ANN. PENAL CODE), IS A CONSTITUTIONAL EXERCISE OF STATE POLICE POWER.

It is established that three alternatives exist in the area of copyright law. Once there has been publication, the work may be "copyrightable" or "non-copyrightable," dependent upon meeting the mechanical requirements of the Federal Copyright Act. Prior to the publication, works may be protected by the state under the so-called rules of common law copyright. The Federal Copyright Act[1], as well as the landmark cases of *Sears*[2] and *Compco*[3], recognized the domain in which the state is entitled to give protection.

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[1]17 U.S.C. §2, "Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefor." See also *Fashion Originators Guild v. F.T.C.*, 114 F. 2d 80 (2nd Cir. 1940) affd., 312 U.S. 457 (1941) which recognized the right of the state to legislate in the unpublished domain when it held that

We are in accord, as are the cases, with the understanding that published works, if they are to be protected at all, must be protected under the Federal Copyright Act. But we submit that the manufacture and sale of a record or a tape is not such a publication to commit the performance to the public domain so as to limit it to the singular protection of the Federal Statutory Copyright Act. The courts of this nation have consistently been in accord with this proposition. *Capitol Records, Inc. v. Greatest Records, Inc.*, 43 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup. Ct. 1964); *Columbia Broadcasting System, Inc. v. Documentaries Unlimited, Inc.*, 42 Misc.2d 723, 248 N.Y.S.2d 809 (Sup. Ct. 1964); *Capitol Records, Inc. v. Spies*, 264 N.E.2d 874 (Ill. App. 1970); *Liberty/UA Inc. v. Eastern Tape Corp.*, 180 S.E.2d 414 (appeal dism'd 181 S.E.2d 600) (1971); *Capitol Records, Inc. v. Erickson*, 2 Cal. App. 3d 526, 82 Cal. Rptr. 798 (1969), cert. denied, 398 U.S. 960 (1970).

The unauthorized duplicating or pirating of both live and recorded performances has been condemned by a line of decisions of the federal and state courts, which began long before *Sears* and *Compco*. These decisions have held such thefts unlawful and granted injunctions to prohibit the appropriation of performances "off the air," *Columbia Broadcasting Systems, Inc. v. Documentaries Unlimited, Inc., supra* (news

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whether "systematic copying of dress designs is tortious . . . is a matter of state law."

[2]376 U.S. at 231, n. 7, ". . . and that section of the Copyright Act *which expressly saves state protection of unpublished writings* but does not include published writings, 17 U.S.C. §2." (emphasis ours)

[3]376 U.S. at 237, ". . . the federal policy . . . of allowing free access to copy whatever the federal patent and copyright laws *leave in the public domain.*" (emphasis ours)

reports), *Metropolitan Opera Assn. Inc. v. Wagner Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), affd., per curiam 279 App. Div. 632, 107 N.Y.S.2d 795 (1951) (opera broadcasts); from other "masters," *Capitol Records, Inc. v. Mercury Records Corp.*, 109 F. Supp. 330 (S.D.N.Y. 1952) affd., 221 F.2d 657 (2nd Cir. 1955); *RCA v. Premier Albums, Inc.*, 19 App. Div.2d 62, 240 N.Y.S.2d 995 (1963); or from phonograph records sold to the public, *Capitol Records, Inc. v. Erickson, supra; Capital Records, Inc., v. Spies, supra; Liberty/UA Inc. v. Eastern Tape Corp., supra; Geiseking v. Urania Records, Inc.*, 17 Misc.2d 1034, 155 N.Y.S.2d 171 (Sup.Ct. 1956). The Federal Trade Commission determined in 1919 that the unauthorized duplication of piano rolls constituted appropriation of the ingenuity, labor and expense of the originator and was an unfair method of competition under Section 5 of the Federal Trade Commission Act. *F.T.C. v. Orient Music Roll Co.*, 2 F.T.C. 176 (1919).

We shall not endeavor to burden this Court with any detailed discussion of the arguments behind the survival of the principles of copyright protection, but shall instead leave that to the respondents and other *amici curiae*. It is sufficient for our purposes to say that those who see cases which seem to contradict the proposition that there still exists a state protectable interest, fail to recognize that there is a basic distinction between "copying" and "appropriating" property. Copying, as it is properly used, goes to making something that sounds just like or looks just like the original. "Copying" a record would entail getting another band and another singer and attempting as best one could to emulate the sound of the original. As in *Sears*,

where this Court determined that making a lamp that looked just like the unpatentable model was not forbidden, this Court would also not forbid an attempt to emulate the original sound recording.

We do not believe this Court was saying in *Sears* and *Compco* that the states were forbidden to foreclose someone from stealing the owner's very lamp. So, too, we do not believe this Court intended to restrict the states in forbidding the theft, i.e. appropriation, of the original sound from instruments of conveyance of the actual performance. To "draw off" the sound from the record or tape is to appropriate the property itself just as it would be to tape the live performance of the performer from the radio transmission. *Ferris v. Frohman*, 223 U.S. 424 (1912) holds that repeated public performances do not constitute a publication or dedication of the owner's common law rights.

The imagined right to appropriate contended for by petitioners is contrary to cases which apply *Ferris*, such as *King v. Maestro, Inc.*, 224 F.Supp. 101 (S.D. N.Y. 1963), holding that radio and television broadcasts and the exhibition of motion picture newsreels of a speech did not divest the owner of the speech of his common law rights in it. The conduct proscribed by these state larceny statutes is the very same conduct condemned in *International News Service v. Associated Press*, 248 U.S. 215 (1918), where this Court said:

> ". . . instead of selling its own goods as those of complainant, it substitutes misappropriation in the place of misrepresentation, and sells complainant's goods as its own."

It must follow, therefore, that the sale of a record is indeed not a publication that submits to the world

the right to duplicate the record. Pirated sound recordings are not imitations or simulations at all of the very thing—the recorded performance—that makes a phonograph record valuable and salable; when a record is played, the listener hears the same thing that he hears over the radio when a person is making a live broadcast. The taking of that performance is the theft of property and is as reprehensible as the theft in a person's domicile of his personal belongings. The fact that a performer has shown, or sung, what he owns does not mean that he is not entitled to protection by the state from its theft. These unpublished works are his property.

III. THE ENACTMENT BY CONGRESS OF AN AMENDMENT TO THE COPYRIGHT ACT MAKING RECORDINGS A COPYRIGHTABLE INTEREST DOES NOT CAUSE THESE STATE STATUTES TO BE UNCONSTITUTIONAL.

The decision of the three-judge federal court in the case of *Tape Industries Association of America v. Younger*, 316 F.Supp. 340 (C.D. Cal. 1970), appeal dism'd, 401 U.S. 902 (1971), appeal pending, U.S. Ct. App. 9th Cir., No. 26628, in accord with many other courts, correctly holds that this is a supremacy clause question rather than a pre-emption question. The issue there was one of whether a federal statute was in conflict with a state statute. *Younger* held that *Sears* and *Compco* did not confer a substantive right to be free from state interference. We submit that since California has enacted a statute within its legitimate realm of police power, the California statute must be measured in light of the potential existence of conflict.

These state statutes were enacted to stem the rampaging theft by these pirates of valuable property of

the recording artists and the industry. The policy adopted was, therefore, to stem this activity by enacting both federal and state leigslation to curb these criminal acts. Action by Congress was along the lines of federal copyright protection prior to publication, a power which we concede they have under Article I, Sec. 8 of the U. S. Constitution. Federal and state laws operate on the same subject matter with the state providing additional protection where the federal protection does not extend. There is no federal copyright protection for those tapes and records created prior to February 15, 1972, and the state statute affords substantial protection in this area involving the older sound recordings.

Lack of conflict is evidenced by the existence of an identical purpose in the federal and state statute to stop the piracy occasioned by record duplication onto tapes and records in order to quickly capitalize upon the performance of another, thus avoiding the risk and investment necessarily undertaken by the owner of the performance. The state statute is consonant with the federal statute in that purpose. The state statute affords added protection in insuring that old performances on records are not stolen, as well as providing a double sanction after new unpublished works qualify under federal copyright protection.

This Court has repeatedly emphasized that "... this Court's decisions . . . enjoin seeking out conflicts between state and federal regulation where none clearly exists." *Huron Portland Cement Co. v. City of Detroit*, 362 U.S. 440, 446, (1960). This Court has also emphatically stated the rule in *Schwartz v. State of Texas*, 344 U.S. 199, 202, (1952) that:

" 'It should never be held that Congress intends to supersede or, by its legislation suspend, the exercise of the police powers of the states, even when it may do so, unless its purpose to effect that result is clearly manifested.' Reid v. State of Colorado, 187 U.S. 137, 148, 23 S.Ct. 92, 96, 47 L.Ed. 108"

With this heavy presumption of a lack of conflict, there is no reason for this Court to seek out a conflict between the federal and state statutes, especially in light of the fact that the federal copyright statute leaves to the states the power to legislate in this area. *Sears* and *Compco* recognize the right of the state to legislate in this area. The federal statute does not show a "purpose to effect that result," nor does it show that such an intent is "clearly manifested."

In *Florida Lime and Avocado Growers, Inc. v. Paul*, 373 U.S. 132, 142 (1963), this Court said:

> "The test of whether both federal and state regulations may operate, or the state regulation must give way, is *whether both regulations can be enforced without impairing the federal superintendence of the field*, not whether they are aimed at similar or different objectives.
>
> "The principle to be derived from our decisions is that federal regulation of a field of commerce should not be deemed preemptive of state regulatory power in the absence of persuasive reasons—either that the nature of the regulated subject matter permits no other conclusion, or that the Congress has unmistakably so ordained. See, e.g., Huron Portland Cement Co. v. Detroit, supra." (emphasis ours)

Even more persuasive is the decision in *Colorado Anti-Discrim. Comm v. Continental Air Lines, Inc.* 372 U.S. 714, 721 (1963), where this Court, in ruling on the

validity of a state statute under the supremacy doctrine, noted:

> "... *that the mere 'fact of identity does not mean the automatic invalidity of State measures.'* California v. Zook, 336 U.S. 725, 730 (1949). To hold that a state statute identical in purpose with a federal statute is invalid under the Supremacy Clause, we must be able to conclude that the purpose of the federal statute would to some extent be frustrated by the state statute. We can reach no such conclusion here." (emphasis ours)

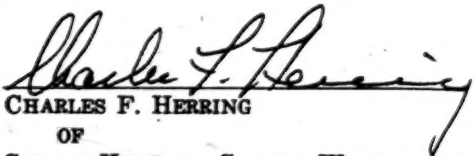
Obviously, the purpose of the federal statute in the copyright area is in no way frustrated, but is rather enlarged to better protect the owners of this property interest from piracy. The state and federal statutes are, therefore, not in conflict, and no conflict between them should be presumed.

D. CONCLUSION

The *amicus curiae* respectfully submits that California's Penal Statute is aimed simply at prevention of theft of personal property in the form of preserved performances on records and tapes. Since the state statute complements rather than conflicts with the federal policy of fairness in a competitive system and affords protection to legitimate property rights of its citizens, the judgment below should be affirmed.

Respectfully submitted,

CRAWFORD C. MARTIN
ATTORNEY GENERAL OF TEXAS
Box 12548, Capitol Station
Austin, Texas 78711



CHARLES F. HERRING
OF
SMALL, HERRING, CRAIG & WERKENTHIN
of Counsel
900 Perry-Brooks Building
Austin, Texas 78701

CERTIFICATE OF SERVICE

I, Charles F. Herring, a member of the Bar of the Supreme Court of the United States, hereby certify that on the 22 day of September, 1972, copies of the foregoing Brief of the Attorney General of the State of Texas, *Amicus Curiae*, were mailed to:

ARTHUR LEEDS, ESQ.
Gottlieb, Locke & Leeds
9229 Sunset Boulevard
Los Angeles, California 90069
Attorney for Petitioners

DAVID M. SCHACTER, ESQ.
Deputy City Attorney
City of Los Angeles
205 South Broadway, Suite 500
Los Angeles, California 90012
Attorney for Respondent

FRANCIS M. PINCKNEY, ESQ.
700 Law Building
Charlotte, North Carolina 28202

CHARLES P. JUST, ESQ.
Deputy Attorney General
State of California
500 Wells Fargo Bank Building
5th and Capitol Mall
Sacramento, California 95814

LOUIS J. LEFKOWITZ, ESQ.
Attorney General of the State of New York
State Capitol
Albany, New York 12224

SIDNEY A. DIAMOND, ESQ.
425 Park Avenue
New York, New York 10022
Counsel for Recording Industry
Association of America, Inc.

ERNEST S. MEYERS, ESQ.
74 Trinity Place
New York, New York 10006
Counsel for Recording Industry
Association of America, Inc.

CHARLES F. HERRING

APPENDIX 1

Art. 1137r. Reproduction for sale, or sale or offer for sale, of a sound recording without the owner's consent.

Section 1. As used in this Act, "owner" means the owner of the master recording, master disc, master tape, master film, or other device used for reproducing recorded sound on a phonograph record, disc, tape, film or other material on which sound is recorded and from which the transferred recorded sound is directly or indirectly derived.

Sec. 2. A person commits a misdemeanor punishable by a fine not to exceed $2,000 if he:

(1) knowingly reproduces for sale any sound recording without the written consent of the owner of the original recording; or

(2) sells or offers for sale any sound recording that he knows has been reproduced without the written consent of the owner of the original recording.

Sec. 3. A second offense under this Act shall be a felony punishable by a fine of not more than $25,000, or imprisonment for not more than five years, or both.

Sec. 4. The provisions of this Act shall not apply to any fees due ASCAP.

Acts 1971, 62nd Leg., p. 2730, ch. 890, eff. Aug. 30, 1971.

APPENDIX 2

THE ATTORNEY GENERAL
OF TEXAS
AUSTIN, TEXAS 78711

CRAWFORD C. MARTIN
ATTORNEY GENERAL

April 3, 1972

Honorable W. T. McDonald, Jr.
County Attorney
Brazos County
Bryan, Texas 77801

Opinion No. M-1114

Re: Whether Art. 1137r, Sec. 1-4, Vernon's Penal Code, prohibiting the reproduction for sale of sound recordings without the original owner's consent is unconstitutional as in conflict with the Copyright Clause, Art. I, Sec. 8, Cl. 8, United States Constitution, and the implementing federal statutes, 17 USC §§ 1-215, the Copyright Act.

Dear Mr. McDonald:

You have asked us for an opinion as to whether Art. 1137r, Sections 1-4, Vernon's Penal Code, prohibiting the reproduction of sound recordings without the original owner's consent is unconstitutional as in conflict with the Copyright Clause, Article I, Section 8, Clause 8, United States Constitution, and the implementing federal statutes, 17 USC §§ 1-215, the Copyright Act. In this connection we have carefully examined the materials forwarded with the opinion request which raise the issue of whether the preemption doctrine applied in the companion landmark decisions of the United States Supreme Court in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Compco Corp. v.*

Day-Brite Lighting, Inc., 376 U.S. 234 (1964) precludes the States from enacting statutes proscribing the duplication of uncopyrighted material. Also as you point out, we note that on October 15, 1971, effective four (4) months after enactment, the 92nd Congress of the United States, through a series of amendments to the Copyright Act, provided a limited prospective protection to owners of original sound recordings in Public Law 92-140 (S.646).[1]

The magnitude of the problem involved which prompted the federal legislation is described in House Report (Judiciary Committee) No. 92-487, dated October 4, 1971, on Public Law 92-140, as follows:

> "The attention of the Committee has been directed to the widespread unauthorized reproduction of phonograph records and tapes. While it is difficult to establish the exact volume or dollar value of current piracy activity, it is estimated by reliable trade sources that the annual volume of such piracy is now in excess of $100 million. It has been estimated that legitimate prerecorded tape sales have an annual value of approximately $300 million. The pirating of records and tapes is not only depriving legitimate manufacturers of substantial income, but of equal importance is denying performing artists and musicians of royalties and contributions to pension and welfare funds and Federal and State governments are losing tax revenues."[2]

The desire to attack this abuse no doubt moved the 62nd Legislature of the State of Texas to enact Art. 1137r, Sections 1-4, Vernon's Penal Code, prohibiting the "piracy" of sound recordings.

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[1]1971 U.S. Code Cong. & Adm. News Pamph. No. 9, pp. 2469-2471.

[2]1971 U.S. Code Cong. & Adm. News Pamph. No. 9, p. 2551.

Initially, it is to be presumed that a duly enacted statute of the State of Texas is valid against objection on constitutional grounds. 12 Tex. Jur. 2d, Const. Law, Sec. 42, pp. 385-386:

> ". . . a statute will not be declared constitutional for the mere reason that it has been enacted by the legislature, it is presumed that the legislature has acted within its powers, and a duly enacted statute is presumed to be constitutional. And if there could be a state of facts justifying the legislative action, it is presumed that such a state of facts exist."

Likewise, the Supreme Court of the United States has emphasized that ". . . this Court's decisions . . . enjoin(s) seeking out conflicts between state and federal regulation where none clearly exists." *Huron Portland Cement Co. v. City of Detroit*, 362 U.S. 440, 446 (1960). A clear showing of conflict is required. As stated in *Schwartz v. State of Texas*, 344 U.S. 199, 203 (1952), the rule is that:

> " 'It should never be held that Congress intends to supersede, or by its legislation suspend, the exercise of the police powers of the states, even when it may do so, unless its purpose to effect that result is clearly manifested.' *Reid v. State of Colorado*, 187 U.S. 137, 148, 23 S. Ct. 92, 96, 47 L.Ed 108."

In *Florida Lime and Avocado Growers, Inc. v. Paul*, 373 U.S. 132, 142 (1963) the court held:

> "The test of whether both federal and state regulations may operate, or the state regulation must give way, is *whether both regulations can be enforced without impairing the federal superintendence of the field*, not whether they are aimed at similar or different objectives.
>
> "The principle to be derived from our decisions is that federal regulation of a field of commerce

should not be deemed preemptive of state regulatory power in the absence of persuasive reasons—either that the nature of the regulated subject matter permits no other conclusion, or that the Congress has unmistakably so ordained. See, e.g., *Huron Portland Cement Co. v. Detroit*, Supra." (Emphasis supplied)

Further in Colorado *Anti-Discrim. Comm. v. Continental Air Lines*, 372 U.S. 714, 721 (1963), the Supreme Court, in ruling on the validity of a state statute under the Supremacy Doctrine, held:

> "... *that the mere 'fact of identity does not mean the automatic invalidity of State measures'. California v. Zook*, 336 U.S. 725, 730 (1949). To hold that a state statute identical in purpose with a federal statute is invalid under the Supremacy Clause, we must be able to conclude that the purpose of the federal statute would to some extent be frustrated by the state statute. We can reach no such conclusion here." (Emphasis supplied)

It is noteworthy that the Judiciary Committee Report on Public Law 92-140, referred to above, while mentioning the preemption argument concerning the "... jurisdiction of States to adopt legislation specifically aimed at the elimination of record and tape piracy ...", expressly refused to express an "... opinion concerning this legal question, ..."[3] Hence, it can hardly be contended from the legislative history of Public Law 92-140 that Congress clearly intended to supersede existing state statutes on this subject matter.

Our research fails to reveal any case which makes the doctrine of the *Sears* and *Compco* cases applicable to the piracy of sound recordings. To the contrary, we find that the courts of California, Illinois, New York

[3]1971 U.S. Code Cong. & Adm. News Pamph. No. 9, p. 2552.

and North Carolina have specifically rejected this application in upholding state statutes prohibiting the "piracy" of sound recordings. See *Capitol Records, Inc. v. Erickson*, 2 Cal. App. 3d 526, 82 Cal. 798 (1969), 40 ALR 3d 553; *Capitol Records, Inc. v. Greatest Records, Inc.*, 43 Misc. 2d 878, 252 N.Y.S. 2d 553 (Sup. Ct. 1964); *Columbia Broadcasting System v. Documentaries Unlimited, Inc.*, 42 Misc. 2d 723, 248 N.Y.S. 2d 809 (Sup. Ct. 1964); *Capitol Records, Inc. v. Spies*, 264 N.E. 2d 874 (Ill. App. 1970); *Liberty/UA Inc. v. Eastern Tape Corp.*, Superior Court of Mecklenburg County, No. 70-CVS-15018 (Jan. 6, 1971).

An excellent discussion of this question is contained in the three judge court's opinion in *Tape Industries Association of America v. Younger*, 316 F. Supp. 340 (C.D. Calif. 1970), appeal dism. 401 U.S. 902 (1971). Therein plaintiffs sued to enjoin the enforcement of the California "tape piracy" statute, Penal Code, Sec. 653h (1968)*:

> "Plaintiffs contend that the so-called "tape piracy' law of California, Penal Code, Section 653h (1968) is in conflict with the Copyright Clause of the United States Constitution, Art. I, Sec. 8, Cl. 8, and the implementing Federal copyright statutes, 17 USC §§ 1-215." (316 F. Supp. at 341-342).

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*"§653h. *Transfer of recorded sounds for unlawful use; sale*
(a) Every person is guilty of a misdemeanor who:

(1) Knowingly and willfully transfers or causes to be transferred any sound recorded on a phonograph record, disc, wire, tape, film or other article on which sounds are recorded, with intent to sell or cause to be sold, or to use or cause to be used for profit through public performance, such article on which such sounds are so transferred, without the consent of the owner.

(2) Sells any such article with the knowledge that the sounds thereon have been so transferred without the consent of the owner."

The court distinguished *Columbia Broadcasting System v. DeCosta*, 377 F2d 315 (1st Cir 1967), *Cable Vision, Inc. v. KUTV, Inc.*, 335 F2d 348 (9th Cir. 1964), *Smith v. Chanel, Inc.*, 402 F2d 562 (9th Cir. 1968) and the *Sears* and *Compco* cases, supra, on the basis that:

> "In contrast, plaintiffs in the instant case do not imitate the product of the record companies. They actually take and appropriate the product itself—the sounds recorded on the albums—and commercially exploit the product." (316 F. Supp at 350)

The *Sears* and *Compco* cases, supra, involved suits for damages and injunctive relief under the Illinois "unfair competition" statute with respect to the copying of designs for lighting fixtures which were either unpatentable or unpatented. In this situation the Supreme Court held that the Illinois statute could not be applied constitutionally to prevent the copying of these designs even though the products were virtually identical. However, the Supreme Court expressly reserved to the States the right to prohibit practices such as here involved. In the *Compco* case, the Supreme Court specifically restricted its ruling as follows:

> "As we have said in Sears, while the federal patent laws prevent a State from prohibiting the the copying and selling of unpatented articles, they do not stand in the way of state law, statutory or decisional, which requires those who make and sell copies to take precautions to identify their products as their own. A State of course has power to impose liability upon those who, knowing that the public is relying upon an original manufacturer's reputation for quality and integrity, deceive the public by palming off their copies as the original."

An appropriate area for State legislation was found to exist by the three judge court in the *Tape Industries*

case, supra, which was not precluded by the *Sears* and *Compco* decisions. At page 351 of the opinion the Court held:

> "Undoubtedly, tape pirates are costing legitimate and authorized tape producers substantial amounts of money, and the State of California has properly and reasonably concluded that these parasitic tape pirates must be controlled. Regardless of whether Calif. P.C. §653h (1968) is deemed a larceny statute or an unfair competition law, *it is clear that the California Legislature is not precluded by the Federal Copyright laws from prohibiting the activities of tape pirates.* Nor should we intervene in the legitimate enforcement of the statutorily expressed desires of the California Legislature by the authorized prosecution officials who are the defendants." (Emphasis supplied.)

Recently, on February 29, 1972, in Civil Action No. 3-5536-A, styled *Independent Tape Merchant's Association v. Crawford Martin, et, al.*, filed in the United States District Court for the Northern District of Texas, a suit similar to the *Tape Industries* case, to enjoin the enforcement of Art. 1137r, Vernon's Penal Code, was dismissed by the court on the finding that:

> ". . . this Court should not interfere with the state criminal court's enforcement of state law under the circumstances as set forth by plaintiff in this action, . . . "

Finally, it should be observed that while the situation under the Patent Act, 35 USC §§ 1-293, is one of either protection or no protection, a different situation is presented by the Copyright Act, 17 USC 1-215, even as amended, in that under §2 of the Act provision is made for protection of so-called "common law"

copyrights.[5] The weight of authority is that the giving of a performance and the sale of a recording does not constitute publication, *Columbia Broadcasting Systems, Inc. v. Documentaries Unlimited, Inc.*, supra (news reports), *Metropolitan Opera Association, Inc., v. Wagner Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S. 2d 483 (Sup. Ct. 1950), aff'd., 279 App. Div. 732, 107 N.Y.S. 2d 795 (1951) (opera broadcasts); from other "masters", *Capitol Records, Inc. v. Mercury Records Corp.*, 109 F. Supp. 330 (S.D.N.Y. 1952); *RCA v. Premier Albums Inc.*, 19 App. Div. 2d 62, 240 N.Y.S. 2d 995 (1963); from phonograph records sold to the public, *Capitol Records, Inc. v. Greatest Records, Inc.* supra; *Capitol Records, Inc. v. Erickson*, supra; *Capitol Records, Inc. v. Spies*, supra; *Liberty/UA Inc. v. Eastern Tape Corp.*, supra; *Geiseking v. Urania Records, Inc.*, 17 Misc. 2d 1034, 155 N.Y.S. 2d 171 (Sup. Ct. 1956).

The opposite view is taken in *Granz v. Harris*, 98 F. Supp. 906 (S.D.N.Y. 1951); *McIntyre v. Double A. Music Co.*, 166 F. Supp. 681 (C.D. Cal. 1958); *Mills Music v. Cromwell Music Co.*, 126 F. Supp. 54 (S.D. N.Y. 1954); *Shapiro, Bernstein & Co. v. Miracle Record Co.*, 91 F. Supp. 473 (N.D. Ill. 1950). It is respectfully submitted that these cases are cited because they erroneously fail to recognize the distinction between "copying" and "appropriating". Here we are not concerned with a situation where the recordings are being imitated but rather the actual sounds, the performance itself, is being appropriated. Each of

[5]"Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at the common law or in equity, to prevent the copying, publishing, or use of such unpublished work without his consent, and to obtain damages therefor."

the cases cited above rely on *RCA Manufacturing Co. v. Whitman*, 114 F2d 86 (2nd Cir. 1940) for their result. However, this case was expressly overruled in *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F2d 657 (2nd Cir. 1955). Therein at page 663 the Court held:

> "Our conclusion is that the quoted statement from the *RCA* case is not the law of the State of New York.
>
> "Since its decision the New York courts have had close contact with the question in *Metropolitan Opera Assn. v. Wagner Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S. 2d 483, Id., 279 App. Div. 632, 107 N.Y.S. 2d 795. We believe that the inescapable result of that case is that, where the originator, or the assignee of the originator, of records of performances by musical artists puts those records on public sale, his act does not constitute a dedication of the right to copy and sell the records."

A very excellent annotation is contained in 40 ALR 3d 553, following *Capitol Records, Inc. v. Erickson*, supra, which may be referred to for a rather more extensive treatment of this whole subject. Noteworthy is the citation in the court's opinion in the *Erickson* case, 40 ALR 3d at 561, to *Pottstown Daily News Publishing Co. v. Pottstown Broadcasting Co.*, 411 Pa. 383, 192 A2d 657, 662 (1963) which holds that while unfair competition law originally related to "palming off" of one's goods as those of another, "In recent years its scope has been extended. It has been held to apply to misappropriation as well as misrepresentation", quoting from *A.L.A. Schechter Poultry Corp. v. United States*, 295 U.S. 495, 531-532 (1935).

The courts of the State of Texas have apparently long recognized the distinction between copying and

appropriation. In *Gilmore v. Sammons*, 269 SW 861 (Tex. Civ. App. 1925, writ dism.), it was held that appropriation of news items by a competitor constituted unfair competition under the doctrine of *International News Service v. Associated Press*, 248 U.S. 215 (1918). On the other hand the simulation of a sporting event broadcast by a non-competitor to the original broadcaster was found not to constitute unfair competition, and the *Gilmore* case, supra, was distinguished. See *Loeb v. Turner*, 257 SW2d 800 (Tex. Civ. App. 1953, no writ).

In conclusion, our opinion is that by the enactment of Article 1137r, the 62nd Legislature has done no more than the California Legislature did in its passage of § 653h, P.C. and such constitutes the adoption of either an unfair competition law or a theft statute which has been held in the *Tape Industries* case, supra, to constitute a valid exercise of the State's legislative powers and not to constitute any undue interference or conflict with the federal copyright policy devised pursuant to the Constitutional authority of Congress in the Copyright Act, 17 USC §§ 1-215.

SUMMARY

It is our opinion that Article 1137r, Vernon's Penal Code, is valid and is not in conflict with Art. I, Sec. 8, Cl. 8, United States Constitution, or the Copyright Clause, and the implementing federal statutes, 17 USC §§ 1-215, the Copyright Act.

Very truly yours,

CRAWFORD C. MARTIN
Attorney General of Texas

PREPARED BY:
VAN THOMPSON, JR.
Assistant Attorney General

APPROVED:

OPINION COMMITTEE

KERNS TAYLOR, *Chairman*

BILL ALLEN, *Co-Chairman*

SCOTT GARRISON

ROLAND ALLEN

HOUGHTON BROWNLEE

RALPH RASH

WAYNE RODGERS

SAMUEL D. MCDANIEL
Staff Legal Assistant

ALFRED WALKER
Executive Assistant

NOLA WHITE
First Assistant